

**A BILL**

**entitled**

**BENEFIT ENTITIES ACT 2025**

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WHEREAS it is expedient to amend the Companies Act 1981, the Limited Liability Company Act 2016 and the Limited Partnership Act 1883 to make provision for benefit companies, benefit limited liability companies and benefit limited partnerships;

Be it enacted by The King's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

*Preliminary*

**Citation**

1 This Act may be cited as the Benefit Entities Act 2025.

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### *Benefit Companies*

#### **Amends section 2 of the Companies Act 1981**

2 In section 2(1) of the Companies Act 1981, in the appropriate place insert—

“benefit company” has the meaning given in section 156R;”.

#### **Inserts Part XIIB**

3 After Part XIIA of the Companies Act 1981, insert—

#### **“PART XIIB**

#### **BENEFIT COMPANIES**

##### **Application of Part XIIB**

156Q (1) This Part applies to benefit companies.

(2) The other provisions of this Act apply to benefit companies as they apply to other companies, but where this Part imposes additional or different requirements on benefit companies, those requirements prevail over any conflicting provisions of this Act.

(3) The additional or different requirements imposed on benefit companies by this Part may not be altered in the bye-laws of a benefit company except as provided in this Part.

(4) Nothing in this Part affects the law applicable to companies that are not benefit companies.

##### **Interpretation of Part XIIB**

156R (1) In this Part—

“benefit company” means a company that includes in its memorandum a statement that it is a benefit company and subject to this Part;

“environment” means any aspect of the Bermuda or global environment, including air, land, water, flora and fauna;

“positive effect” includes the reduction of a negative effect on society or the environment;

“public benefit” means a positive effect on society or the environment, including (but not limited to) an effect of an artistic, charitable, cultural, economic, educational, environmental, literary, medical, public health, religious, scientific, sporting or technological nature;

“public benefit provision” means a provision in the memorandum stating that the benefit company will pursue one or more specified public benefits;

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“responsible and sustainable manner” shall be interpreted in accordance with subsection (2);

“requisite percentage of members of a benefit company” means members owning, individually or collectively—

- (a) at least 2% of the issued shares; or
- (b) in the case of a benefit company with shares listed on an appointed stock exchange, the lesser of such percentage or shares of at least \$2,000,000 in fair market value;

“society” means one or more communities or categories of persons in Bermuda or overseas (other than the members of a benefit company in their capacity as members);

“stakeholder” in relation to a benefit company, includes—

- (a) its employees, and the employees of its subsidiaries and suppliers;
- (b) its customers;
- (c) society, including in particular communities in which the offices or facilities of the benefit company, its subsidiaries, or its suppliers are located;
- (d) the environment.

(2) Directors of a benefit company shall be taken to manage or direct the operations of the business of the benefit company in a “responsible and sustainable manner” if they—

- (a) pursue, through the business and operations of the benefit company, an overall positive effect on society or the environment, that is material taking into account the size and nature of the business and operations of the benefit company; and
- (b) consider, in addition to the interests of the members, the separate interests of stakeholders known by the directors to be affected by the conduct of the business or operations of the benefit company.

### **Procedure for becoming or ceasing to be a benefit company**

156S (1) A company may be formed as a benefit company by including in its original memorandum a statement that it is a benefit company subject to this Part.

(2) A company may become a benefit company by altering its memorandum to include a statement that it is a benefit company subject to this Part.

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(3) A benefit company may alter its memorandum to include, amend or remove a public benefit provision.

(4) A benefit company may cease to be a benefit company by altering its memorandum to remove the statement that it is a benefit company subject to this Part and any public benefit provision.

### **Duties of directors**

156T (1) The directors of a benefit company shall manage or direct the business and operations of the benefit company in a manner that—

- (a) is responsible and sustainable; and
- (b) pursues the public benefits specified in any public benefit provision.

(2) Except in the case of fraud or dishonesty, no director shall have any liability for monetary damages for the failure to manage or direct the business or operations of the benefit company as provided in subsection (1), unless otherwise provided in the bye-laws; and if the bye-laws are amended to include such a provision it shall not have retrospective effect.

(3) A director shall not, by virtue of a public benefit provision or this section, have a duty to any person, other than the benefit company itself, on account of any interest of such person in the status of the company as a benefit company or a public benefit provision.

(4) Section 97 (duty of care of officers) applies to directors of a benefit company as if for subsection (1) there were substituted—

- (1) “Every director of a benefit company in discharging his duties shall—
  - (a) act honestly and in good faith with a view to the best interests of the company;
  - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances,

having due regard to the duty to manage or direct the business in a responsible and sustainable manner and to pursue any specified public benefits.”

### **Benefit statement and third-party certification**

156U (1) Except as provided in subsection (4) or its bye-laws, a benefit company shall provide its members annually with a benefit statement as to the benefit company’s efforts to comply with this Part.

(2) The statement shall include a description of the ways in which the benefit company sought during the reporting period—

- (a) to operate in a responsible and sustainable manner;
- (b) to comply with any public benefit provision.

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(3) Except as provided in subsection (4) or its bye-laws, the benefit company shall use a third-party standard in preparing the analysis required in subsection (2)(a) and (b); and the third-party standard shall—

- (a) be applied consistently with any application of that standard in prior statements; or
- (b) be accompanied by an explanation of the reasons for any inconsistent application or change in the standard from the one used in the immediately prior statement.

(4) Except as provided in its bye-laws, the directors of the benefit company may decide—

- (a) to provide the statement less frequently than annually;
- (b) to prepare the statement without using a third-party standard.

(5) In relation to any year for which a decision has been made under subsection (4) that the statement will not be provided for that year or will not be prepared using a third-party standard, the requisite percentage of members of the benefit company, may, by notice to the benefit company not later than three months before the end of the year require that a statement be prepared for that year or that the benefit company use a third-party standard.

(6) In this section, “third-party standard” means a recognized standard for reporting overall social and environmental performance of a business that is comprehensive, independent, credible and transparent.

(7) For the purposes of subsection (6), a standard is—

- (a) comprehensive, if it assesses whether the benefit company has been operated in a responsible and sustainable manner and how the operation of the business has affected stakeholder interests;
- (b) independent, if it is developed by an entity that does not control, is not controlled by and is not under common control with, the benefit company;
- (c) credible, if it is developed by an entity that has access to necessary expertise to assess overall corporate social and environmental performance, and uses a multi-stakeholder approach to develop the standard; and
- (d) transparent, if information is publicly available about—
  - (i) the criteria used by the standard when measuring the overall social and environmental performance of a business, and the relative weightings, if any, of those criteria; and
  - (ii) the identity of the directors, officers, material owners, and the governing body of the entity that developed and controls revisions to the standard, and the process by which revisions

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to the standard and changes to the membership of the governing body are made.

### **Enforcement**

156V (1) The requisite percentage of members of a benefit company may bring an action in the Court to enforce the requirements of this Part.

(2) The bye-laws may provide standing to other persons or classes of persons to bring an action in the Court to enforce the requirements of this Part.

(3) Unless otherwise provided in its bye-laws, a benefit company will not be liable for monetary damages for any failure to comply with this Part, or any failure of the benefit company to pursue the public benefits identified in any public benefit provision.”.

### *Benefit Limited Liability Companies*

### **Amends section 2 of the Limited Liability Company Act 2016**

4 In section 2 of the Limited Liability Company Act 2016, in the appropriate place insert—

““benefit LLC” has the meaning given in section 39B;”.

### **Inserts Part 4A**

5 After Part 4 of the Limited Liability Company Act 2016, insert—

#### **“PART 4A**

#### **BENEFIT LLCS**

### **Application of Part 4A**

39A (1) This Part applies to benefit LLCs.

(2) The other provisions of this Act apply to benefit LLCs as they apply to other limited liability companies, but where this Part imposes additional or different requirements on benefit LLCs, those requirements prevail over any conflicting provisions of this Act.

(3) The additional or different requirements imposed on benefit LLCs by this Part may not be altered in the LLC agreement of a benefit LLC except as provided in this Part.

(4) Nothing in this Part affects the law applicable to limited liability companies that are not benefit LLCs.

### **Interpretation of Part XIIB**

39B (1) In this Part—

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“benefit LLC” means a limited liability company that includes in its certificate of formation a statement that it is a benefit LLC and subject to this Part;

“environment” means any aspect of the Bermuda or global environment, including air, land, water, flora and fauna;

“positive effect” includes the reduction of a negative effect on society or the environment;

“public benefit” means a positive effect on society or the environment, including (but not limited to) an effect of an artistic, charitable, cultural, economic, educational, environmental, literary, medical, public health, religious, scientific, sporting or technological nature;

“public benefit provision” means a provision in the certificate of formation stating that the benefit LLC will pursue one or more specified public benefits;

“responsible and sustainable manner” shall be interpreted in accordance with subsection (2);

“requisite percentage of members or assignees of a benefit LLC” means members of a benefit limited liability company or assignees of limited liability company interests in a benefit limited liability company owning, individually or collectively—

- (a) at least 2% of the then current percentage or other interest in profits of the benefit limited liability company; or
- (b) in the case of a benefit LLC with limited liability company interests listed on an appointed stock exchange, the lesser of such percentage or limited liability company interests of at least \$2,000,000 in fair market value;

“society” means one or more communities or categories of persons in Bermuda or overseas (other than the members of a benefit LLC in their capacity as members);

“stakeholder” in relation to a benefit LLC, includes—

- (a) its employees, and the employees of its subsidiaries and suppliers;
- (b) its customers;
- (c) society, including in particular communities in which the offices or facilities of the benefit LLC, its subsidiaries, or its suppliers are located;
- (d) the environment.

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(2) Members or managers of a benefit LLC shall be taken to manage or direct the operations of the business of the benefit LLC in a “responsible and sustainable manner” if they—

- (a) pursue, through the business and operations of the benefit LLC, an overall positive effect on society or the environment, that is material taking into account the size and nature of the business and operations of the benefit LLC; and
- (b) consider, in addition to the interests of the members, the separate interests of stakeholders known by the members or managers to be affected by the conduct of the business or operations of the benefit LLC.

### **Procedure for becoming or ceasing to be a benefit LLC**

39C (1) A limited liability company may be formed as a benefit LLC by including in its certificate of formation a statement that it is a benefit LLC subject to this Part.

(2) A limited liability company may become a benefit LLC by altering its certificate of formation to include a statement that it is a benefit LLC subject to this Part.

(3) A benefit LLC may alter its certificate of formation to include, amend or remove a public benefit provision.

(4) A benefit LLC may cease to be a benefit LLC by altering its certificate of formation to remove the statement that it is a benefit LLC subject to this Part and any public benefit provision.

### **Duties of members and managers**

39D (1) Notwithstanding anything to the contrary in the LLC agreement, the members and managers of a benefit LLC shall manage or direct the business and operations of the benefit LLC by—

- (a) acting in a manner that is responsible and sustainable;
- (b) pursuing the public benefits specified in any public benefit provision;
- (c) acting honestly and in good faith with a view to the best interests of the company; and
- (d) exercising the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(2) Except in the case of fraud or dishonesty, no member or manager shall have any liability for monetary damages for the failure to manage or direct the business or operations of the benefit LLC as provided in subsection (1), unless otherwise provided in the LLC agreement; and if the LLC agreement is amended to include such a provision it shall not have retrospective effect.



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(3) A member or manager shall not, by virtue of a public benefit provision or this section, have a duty to any person, other than the benefit LLC itself, on account of any interest of such person in the status of the company as a benefit LLC or a public benefit provision.

### **Benefit statement and third-party certification**

39E (1) Except as provided in subsection (4) or its LLC agreement, a benefit LLC shall provide its members annually with a benefit statement as to the benefit LLC's efforts to comply with this Part.

(2) The statement shall include a description of the ways in which the benefit LLC sought during the reporting period—

- (a) to operate in a responsible and sustainable manner;
- (b) to comply with any public benefit provision.

(3) Except as provided in subsection (4) or its LLC agreement, the benefit LLC shall use a third-party standard in preparing the analysis required in subsection (2)(a) and (b); and the third-party standard shall—

- (a) be applied consistently with any application of that standard in prior statements; or
- (b) be accompanied by an explanation of the reasons for any inconsistent application or change in the standard from the one used in the immediately prior statement.

(4) Except as provided in its LLC agreement, the members or managers of the benefit LLC may decide—

- (a) to provide the statement less frequently than annually;
- (b) to prepare the statement without using a third-party standard.

(5) In relation to any year for which a decision has been made under subsection (4) that the statement will not be provided for that year or will not be prepared using a third-party standard, the requisite percentage of members or assignees of the benefit LLC, may, by notice to the benefit LLC not later than three months before the end of the year require that a statement be prepared for that year or that the benefit LLC use a third-party standard.

(6) In this section, “third-party standard” means a recognized standard for reporting overall social and environmental performance of a business that is comprehensive, independent, credible and transparent.

(7) For the purposes of subsection (6), a standard is—

- (a) comprehensive, if it assesses whether the benefit LLC has been operated in a responsible and sustainable manner and how the operation of the business has affected stakeholder interests;

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- (b) independent, if it is developed by an entity that does not control, is not controlled by and is not under common control with, the benefit LLC;
- (c) credible, if it is developed by an entity that has access to necessary expertise to assess overall corporate social and environmental performance, and uses a multi-stakeholder approach to develop the standard; and
- (d) transparent, if information is publicly available about—
  - (i) the criteria used by the standard when measuring the overall social and environmental performance of a business, and the relative weightings, if any, of those criteria; and
  - (ii) the identity of the directors, officers, material owners, and the governing body of the entity that developed and controls revisions to the standard, and the process by which revisions to the standard and changes to the membership of the governing body are made.

### **Enforcement**

39F (1) The requisite percentage of members or assignees of a benefit LLC may bring an action in the Court to enforce the requirements of this Part.

(2) The LLC agreement may provide standing to other persons or classes of persons to bring an action in the Court to enforce the requirements of this Part.

(3) Unless otherwise provided in its LLC agreement, a benefit LLC will not be liable for monetary damages for any failure to comply with this Part, or any failure of the benefit LLC to pursue the public benefits identified in any public benefit provision.”.

### *Benefit Limited Partnerships*

### **Amends section 1A of the Limited Partnership Act 1883**

6 In section 1A of the Limited Partnerships Act 1883, in the appropriate place insert—

““benefit limited partnership” has the meaning given in section 32;”.

### **Amends section 3**

7 At the end of section 3 of the Limited Partnership Act 1883 (particulars of limited partnership), insert—

“(f) in the case of a benefit limited partnership, any information required for purposes of section 33.”.

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### **Inserts sections 31 to 36**

8 At the end of the Limited Partnership Act 1883, insert—

#### *“Benefit Limited Partnerships*

#### **Application of sections 31 to 36**

31 (1) Sections 31 to 36 apply to benefit limited partnerships.

(2) The other provisions of this Act apply to benefit limited partnerships as they apply to other limited partnerships, but where sections 31 to 36 impose additional or different requirements on benefit limited partnerships, those requirements prevail over any conflicting provisions of this Act.

(3) The additional or different requirements imposed on benefit limited partnerships by sections 31 to 36 may not be altered in the partnership agreement of a benefit limited partnership except as provided in this Part.

(4) Nothing in sections 31 to 36 affects the law applicable to limited partnerships that are not benefit limited partnerships.

#### **Interpretation of sections 31 to 36**

32 (1) In sections 31 to 36—

“appointed stock exchange” has the meaning assigned to it in section 2(1) of the Companies Act 1981;

“benefit limited partnership” means a limited partnership that includes in its certificate, referred to in section 3, a statement that it is a benefit limited partnership and subject to sections 31 to 36;

“environment” means any aspect of the Bermuda or global environment, including air, land, water, flora and fauna;

“positive effect” includes the reduction of a negative effect on society or the environment;

“public benefit” means a positive effect on society or the environment, including (but not limited to) an effect of an artistic, charitable, cultural, economic, educational, environmental, literary, medical, public health, religious, scientific, sporting or technological nature;

“public benefit provision” means a provision in its certificate or supplementary certificate (referred to in sections 3 or 8B) stating that the benefit limited partnership will pursue one or more specified public benefits;

“responsible and sustainable manner” shall be interpreted in accordance with subsection (2);

“requisite percentage of partners of a benefit limited partnership” means partners owning, individually or collectively—

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- (a) at least 10% of the then current percentage or other interest in the profits of the benefit limited partnership; or
- (b) in the case of a benefit limited partnership with limited partnership interests listed on an appointed stock exchange, the lesser of such percentage or interests of at least \$2,000,000 in fair market value;

“society” means one or more communities or categories of persons in Bermuda or overseas (other than the members of a benefit limited partnership in their capacity as members);

“stakeholder” in relation to a benefit limited partnership, includes—

- (a) its employees, and the employees of its subsidiaries and suppliers;
- (b) its customers;
- (c) society, including in particular communities in which the offices or facilities of the benefit limited partnership, its subsidiaries, or its suppliers are located;
- (d) the environment.

(2) Partners of a benefit limited partnership shall be taken to manage or direct the operations of the business of the benefit limited partnership in a “responsible and sustainable manner” if they—

- (a) pursue, through the business and operations of the benefit limited partnership, an overall positive effect on society or the environment, that is material taking into account the size and nature of the business and operations of the benefit limited partnership; and
- (b) consider, in addition to the interests of the partners, the separate interests of stakeholders known by the partners to be affected by the conduct of the business or operations of the benefit limited partnership.

### **Procedure for becoming or ceasing to be a benefit limited partnership**

33 (1) A limited partnership may be formed as a benefit limited partnership by including in its original certificate referred to in section 3, a statement that it is a benefit limited partnership subject to sections 31 to 36.

(2) A limited partnership may become a benefit limited partnership by altering its certificate (in accordance with section 8B) to include a statement that it is a benefit limited partnership subject to sections 31 to 36.

(3) A benefit limited partnership may alter its certificate or supplementary certificate to include, amend or remove a public benefit provision.

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(4) A benefit limited partnership may cease to be a benefit limited partnership by altering its certificate to remove the statement that it is a benefit limited partnership subject to sections 31 to 36 and any public benefit provision.

### **Duties of partners**

34 (1) The general partners of a benefit limited partnership shall manage or direct the business and operations of the benefit limited partnership in a manner that—

- (a) is responsible and sustainable;
- (b) pursues the public benefits specified in any public benefit provision; and
- (c) exercises the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(2) Except in the case of fraud or dishonesty, no general partner shall have any liability for monetary damages for the failure to manage or direct the business or operations of the benefit limited partnership as provided in subsection (1), unless otherwise provided in the partnership agreement; and if the partnership agreement is amended to include such a provision it shall not have retrospective effect.

(3) A general partner shall not, by virtue of a public benefit provision or this section, have a duty to any person, other than the benefit limited partnership itself, on account of any interest of such person in the status of the limited partnership as a benefit limited partnership or a public benefit provision.

(4) Section 8C (management of limited partnership) applies to partners of a benefit limited partnership as if for subsection (8) there were substituted—

(8) “Every general partner of a benefit limited partnership in discharging his duties shall—

- (a) act in good faith;
- (b) subject to any express provisions of the partnership agreement to the contrary, act in the interests of the benefit limited partnership.”

(5) In accordance with section 8C(2), references in this section to a general partner include a limited partner who takes part in the management of the limited partnership.

### **Benefit statement and third-party certification**

35 (1) Except as provided in subsection (4) or its partnership agreement, a benefit limited partnership shall provide its partners annually with a benefit statement as to the benefit limited partnership’s efforts to comply with sections 31 to 36.

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(2) The statement shall include a description of the ways in which the benefit limited partnership sought during the reporting period—

- (a) to operate in a responsible and sustainable manner;
- (b) to comply with any public benefit provision.

(3) Except as provided in subsection (4) or its partnership agreement, the benefit limited partnership shall use a third-party standard in preparing the analysis required in subsection (2)(a) and (b); and the third-party standard shall—

- (a) be applied consistently with any application of that standard in prior statements; or
- (b) be accompanied by an explanation of the reasons for any inconsistent application or change in the standard from the one used in the immediately prior statement.

(4) Except as provided in its partnership agreement, the general partners of the benefit limited partnership may decide—

- (a) to provide the statement less frequently than annually;
- (b) to prepare the statement without using a third-party standard.

(5) In relation to any year for which a decision has been made under subsection (4) that the statement will not be provided for that year or will not be prepared using a third-party standard, the requisite percentage of partners of the benefit limited partnership, may, by notice to the benefit limited partnership not later than three months before the end of the year require that a statement be prepared for that year or that the benefit limited partnership use a third-party standard.

(6) In this section, “third-party standard” means a recognized standard for reporting overall social and environmental performance of a business that is comprehensive, independent, credible and transparent.

(7) For the purposes of subsection (6), a standard is—

- (a) comprehensive, if it assesses whether the benefit limited partnership has been operated in a responsible and sustainable manner and how the operation of the business has affected stakeholder interests;
- (b) independent, if it is developed by an entity that does not control, is not controlled by and is not under common control with, the benefit limited partnership;
- (c) credible, if it is developed by an entity that has access to necessary expertise to assess overall corporate social and environmental performance, and uses a multi-stakeholder approach to develop the standard; and

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- (d) transparent, if information is publicly available about—
  - (i) the criteria used by the standard when measuring the overall social and environmental performance of a business, and the relative weightings, if any, of those criteria; and
  - (ii) the identity of the directors, officers, material owners, and the governing body of the entity that developed and controls revisions to the standard, and the process by which revisions to the standard and changes to the membership of the governing body are made.

### **Enforcement**

36 (1) The requisite percentage of partners of a benefit limited partnership may bring an action in the Court to enforce the requirements of sections 31 to 36.

(2) The partnership agreement may provide standing to other persons or classes of persons to bring an action in the Court to enforce the requirements of sections 31 to 36.

(3) Unless otherwise provided in its partnership agreement, a benefit limited partnership will not be liable for monetary damages for any failure to comply with sections 31 to 36, or any failure to pursue the public benefits identified in any public benefit provision.

### **Court may make rules or orders**

37 (1) The Court shall have power to make such rules or orders as it may deem necessary for carrying into effect the provisions of this Act so far as they relate to the jurisdiction of the Court.

(2) Section 6 of the Statutory Instruments Act 1977 shall not apply to rules made under this section.”.

### *Final provisions*

### **Commencement**

9 This Act comes into effect on such date as the Minister of Finance may appoint by notice in the Gazette.

## **BENEFIT ENTITIES BILL 2025**

### **EXPLANATORY MEMORANDUM**

This Bill seeks to amend the Companies Act 1981, the Limited Liability Company Act 2016 and the Limited Partnership Act 1883 to make provision for benefit companies, benefit limited liability companies and benefit limited partnerships;

Clause 1 gives the citation.

Clause 2 inserts a definition of “benefit company” into section 2 of the Companies Act 1981, referencing new section 156R.

Clause 3 inserts new Part XIIB Benefit Companies (sections 156Q to 156V) into the Companies Act 1981 as follows:

Section 156Q (application) subsection (1) states that Part XIIB applies to benefit companies. Subsection (2) states that the other provisions of the Companies Act 1981 apply to benefit companies, but where Part XIIB imposes additional or different requirements on benefit companies, those requirements prevail over any conflicting provisions. Subsection (3) prevents the alteration of the additional or different requirements in the bye-laws of a benefit company except as provided in Part XIIB. Subsection (4) confirms that Part XIIB does not affect the law applicable to companies that are not benefit companies.

Section 156R (interpretation) subsection (1) contains definitions of expressions used in Part XIIB, including “benefit company”, “public benefit”, “public benefit provision” and “stakeholder”. Subsection (2) sets out in what circumstances the directors of a benefit company are taken to manage or direct the operations of the business of the benefit company in a “responsible and sustainable manner”.

Section 156S (procedure for becoming or ceasing to be a benefit company) subsection (1) provides that a company may be formed as a benefit company by including in its original memorandum a statement that it is a benefit company subject to Part XIIB. Subsection (2) provides that a company may become a benefit company by altering its memorandum to include such a statement. Subsection (3) provides for alteration of a public benefit company’s memorandum to include, amend or remove a public benefit provision. Subsection (4) provides that a benefit company may cease to be a benefit company by altering its memorandum to delete the statement and any public benefit provision.

Section 156T (duties of directors) subsection (1) requires the directors of a benefit company to manage or direct the operations of the company in a manner that is responsible and sustainable, and that pursues the public benefits specified in any public benefit provision. Subsection (2) provides that, unless otherwise provided in the bye-laws, directors do not have any liability for monetary damages for the failure to comply with subsection (1), except in the case of fraud or dishonesty. Subsection (3) prevents any such alteration to the bye-laws having retrospective effect. Subsection (4) confirms that the status of a company as a



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public benefit company does not impose a duty on the directors towards any person except to the benefit company itself. Subsection (5) modifies the effect of section 97(1) in relation to directors of a public benefit company.

Section 156U (benefit statement and third party certification) subsections (1) to (3) require a benefit company to provide its members annually with a benefit statement describing the ways in which the company sought to operate in a responsible and sustainable manner and comply with any public benefit provision, and which has been prepared using a third party standard. Subsection (4) permits the statement to be prepared less frequently than annually and without reference to a third party standard, but subsection (5) sets out a procedure for members of a benefit company to require compliance. Subsections (6) and (7) list the requirements of a third party standard for the purposes of this section, which must be a recognised standard for reporting overall social and environmental performance of a company that is comprehensive, independent, credible and transparent (as defined).

Section 156V (enforcement) makes provision for members of a benefit company to bring an action to enforce the requirements of Part XIIB. The bye-laws may provide standing to other persons to bring an enforcement action. Subject to its bye-laws, a benefit company will not be liable for monetary damages for any failure to comply with Part XIIB, or any failure of the benefit company to pursue the public benefits identified in any public benefit provision.

Clause 4 and 5 make similar provision in the Limited Liability Company Act 2016 for benefit limited liability companies.

Clauses 6 to 8 make similar provision in the Limited Partnership Act 1883 for benefit limited partnerships. New section 37 mirrors section 20 of the Partnership Act 1902 to empower the Supreme Court to make necessary rules or orders in relation to its jurisdiction under the Act, which will not be subject to parliamentary scrutiny.

Clause 9 provides for commencement.